

AGENCY EFFORTS TO DEVELOP PERFORMANCE GOALS AND MEASURES FOR MANAGEMENT CHALLENGES

The Results Act requires that agencies establish (1) performance goals to define the level of performance to be achieved and (2) performance measures to be used in assessing the progress in meeting these goals. Federal agencies in the past have often used inferior measures to assess the progress they were making in operating various programs and activities. For example, agencies often measured performance by such indicators as the amount of money directed toward a program, the number of personnel deployed, or the number of proposals developed. Under GPRA, agency leaders and managers should, where possible and practicable, use outcome-oriented goals and measures that demonstrate how well a program or activity is doing in achieving its intended results.

In its guidance to Federal agencies for the preparation and submission of annual Performance Plans, OMB states that agencies should develop and incorporate performance goals to address management problems, particularly for those problems whose resolution is mission-critical or which could potentially impede achievement of program goals.¹ Independent observers have also commented on the importance of establishing such goals. For example, in a report identifying and describing practices that might improve the usefulness of agencies' annual Performance Plans, GAO noted that the value of Performance Plans could be increased if agencies more fully included performance goals to address mission-critical management problems that may exist.² GAO also reported that Performance Plans containing specific strategies to resolve mission-critical management problems more clearly provide congressional and other decision makers with an understanding of how the agency plans to improve its management.³ Clearly, weaknesses in internal management processes and systems undermine the achievement of program results, and discussing the most critical management problems ensures that those problems that would have the greatest impact on results receive the most attention.

The Committee staff's meetings with agency officials and the reviews of agency documents revealed that agencies have not consistently developed performance goals and associated measures that directly address their respective management challenges and high-risk programs. To show the progress of the 24 agencies, Committee staff categorized the extent to which the agencies developed and reported such goals and measures in their fiscal year 2001 Performance Plans. Agencies that reported direct goals for less than 30 percent of their major management challenges were classified as reporting "few, if any" such goals; agencies that reported direct goals for between 30 and 69 percent of their challenges were classified as reporting a "moderate" level of such goals; and agencies that reported direct goals for 70 percent

¹OMB Circular No. A-11, Part 2, subsection 220.0(e).

²General Accounting Office, *Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers* (GGD/AIMD-99-69, Feb. 1999) at 14.

³*Id.*, p. 26.

or more of their challenges were classified as reporting “more extensive” goals. As shown in table 3, the Committee staff found that 11 of the 24 agencies reported few, if any, specific and readily identifiable goals and measures that directly address their major management problems. Eight of the 24 agencies reported a moderate level of such goals and measures for these management challenges. Only 5 of the 24 agencies reported more extensive goals and measures that directly address these challenges.

Table 3: Performance Goals that Directly Address the Management Challenges for the 24 Departments and Agencies

Department or independent agency	Extent of goals that directly address major management challenges	Percentage of goals that directly address major management challenges
Department of Health and Human Services	8 of 8	100%
Federal Emergency Management Agency	10 of 12	83%
Department of Defense	7 of 9	78%
Office of Personnel Management	7 of 9	78%
Department of Transportation	7 of 10	70%
Department of Justice	9 of 15	60%
National Aeronautics and Space Administration	6 of 10	60%
Department of Energy	8 of 14	57%
Social Security Administration	5 of 9	56%
Department of Agriculture	7 of 13	54%
Department of State	3 of 6	50%
Department of Housing and Urban Development	5 of 11	45%
Department of the Interior	4 of 11	36%
Environmental Protection Agency	3 of 11	27%
Department of Education	3 of 11	25%
Department of Labor	3 of 12	25%
Department of Commerce	2 of 9	22%
National Science Foundation	2 of 10	20%
Department of Veterans Affairs	2 of 11	18%
Department of the Treasury	3 of 21	14%
General Services Administration	0 of 6	0%
Agency for International Development	0 of 7	0%
Small Business Administration	0 of 8	0%
Nuclear Regulatory Commission	0 of 13	0%

Source: Committee staff analysis, based on review of agencies’ fiscal year 2001 Performance Plans and GAO reports.

Some of the 24 departments and agencies have made concerted efforts to use Results Act performance goals to help resolve their major management problems. Most notably, the fiscal year 2001 Performance Plan for the Department of Health and Human Services (HHS) includes goals that directly address all of the Department’s major management challenges as identified by GAO and the HHS IG. HHS has coupled disclosure of major Medicare overpayments in its annual financial statements with specific error-reduction goals in its Performance Plan; this approach has achieved impressive results. Although projected overpayments rose in fiscal year

1999, the estimated Medicare error rate is still dramatically lower now than it was several years ago. As shown in table 3, the Federal Emergency Management Agency (FEMA), the Department of Defense (DoD), the Office of Personnel Management (OPM) and the Department of Transportation (DOT) also established performance goals that directly addressed many of their core management challenges.

Although some agencies did a commendable job of including goals to address their management challenges, many agencies unfortunately did not. Four agencies--GSA, the U.S. Agency for International Development (USAID), the Small Business Administration (SBA), and the Nuclear Regulatory Commission (NRC)--did not develop goals for any of their major management problems as identified by GAO and the IGs. Other agencies included goals for their management challenges only to a moderate extent. The Departments of Agriculture and State, for example, only included goals for about 50 percent of their challenges.

While not all major management challenges lend themselves to specific performance goals, some agencies failed to establish such goals in many areas where they are sorely needed. For example, the Treasury Department has performance goals for only one of the five GAO-designated "high-risk" problems at the Department. Even these goals are "inadequate," according to GAO. GAO also raised concerns about the efforts of the Department of Education's Office of Student Financial Assistance (OSFA), which was recently established as a "performance-based organization." GAO reported that OSFA failed to establish any performance goals to address the problems necessary to remove fraud and error in student aid programs from the high-risk list.⁴ A number of other agencies likewise have failed to establish any performance goals to address such well-documented and serious problems as contractor overpayments at DoD and fraud and error in the Federal Employee Health Benefits Program at OPM.

The Environmental Protection Agency (EPA) and SBA are examples of agencies that described the general actions they planned to take to address their management problems even though they did not establish and report specific performance goals and measures for these challenges. For example, although EPA's fiscal year 2001 Performance Plan identified specific goals and measures for only 3 of its 11 major management challenges, EPA did describe planned strategies to resolve the remaining 8 challenges. Similarly, SBA's fiscal year 2001 Performance Plan reported specific goals and measures for none of its 8 management challenges. Like EPA's Plan, however, SBA's Plan did include a description of strategies for addressing these management challenges.

For those agencies that did not fully develop and report performance goals and measures for their major management problems, agency officials offered varied reasons for not doing so. Some agency officials continued to report difficulties in developing goals and measures for their management challenges. They stated that in dealing with the major management challenges—just as with other agency efforts—the link between Federal programs and desired

⁴General Accounting Office, *Education's FY 1999 Performance Report and FY 2001 Performance Plan* (GAO/HEHS-00-128R) at 1-2

outcomes is sometimes difficult to establish. The agencies said that in some cases they are still challenged by the sometimes limited or indirect influence that the Federal government has in determining whether a desired result is achieved, which complicates the effort to measure the discrete Federal contribution to a specific result. GAO's work has shown that measuring the Federal contribution is particularly challenging for regulatory programs, scientific research programs, and programs that deliver services to taxpayers through third parties, such as state and local governments.⁵

Although establishing specific and measurable goals can be a complex undertaking, the development and reporting of such goals is one of the most effective methods for ensuring accountability for achieving results. Even in cases where agencies experience difficulties in developing more results-oriented performance goals for some of their management problems, OMB's guidance to agencies states that performance goals for management problems can readily be expressed as milestone events for specific remedial steps.⁶ Unless an agency that is not fully developing and reporting performance goals for these management problems can offer an alternative approach for both instilling accountability for results and demonstrating steady progress to resolve these problems, congressional committees overseeing these efforts will have little information on which to assess an agency's progress.

⁵General Accounting Office, *Government Performance and Results Act: 1997 Implementation Will Be Uneven* (GAO/GGD-97-109, June 1997), at 12-13.

⁶OMB Circular No. A-11, Part 2, subsection 220.0(e).